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Mexico Sells More Produce In U.S. Winter Markets

U.S. Farm Exports by States

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Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Workers plant strawberry seedlings one by one on ridges in irrigated field in Mexico. Strawberries are one of several fruits and vegetables being shipped from Mexico in increasing quantities to U.S. winter produce markets (see story beginning this page).

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U.S. Winter Produce Markets Crowded by Rising Mexican Sales Of Competitive Crops

By C. JOHN FLIGINGER,
EARLE E. GAVETT,
JOSEPH C. PODANY, and
LEVI A. POWELL, Sr.
Economic Research Service

Inspecting Mexican cantaloups at the U.S. border.

Mexico's deepening inroads into the U.S. winter produce market, while providing larger supplies for American consumers, are causing profound concern among domestic producers.

Recordbreaking Mexican sales of winter vegetables and fruits to the United States in 1970-71, valued at $191 million, were nearly double those of 1967 and four times greater than the value of 1960 shipments—and the peak is not yet in sight.

Mexico's exports of fresh winter vegetables to the United States totaled $137 million, with tomatoes accounting for 70 percent.

Mexican tomatoes compete directly with those of Florida and the competition is getting tougher. More favorable weather and lower production costs combined with improving production practices are giving Mexico more leverage in the U.S. tomato market.

For example, by proper timing and careful application of fertilizers and pesticides and some changes in varieties, Mexico now is producing a higher percentage of larger tomatoes. In fact, it is now growing about the same proportion of large tomatoes as Florida, which had a considerable size advantage only 3 years ago.

Production costs also favor Mexican growers. Although in the 1969-70 season, Mexican production costs were up $18.36 an acre from 1967-68, they still totaled less than $600 per acre, about a third of Florida's nearly $1,700 price tag in the same year.

Mexico, on the other hand, has had an 11-percent decline in materials costs over the last 3 years, as a result of lower unit prices for fertilizers and pesticides.

Mexico has the edge in marketing costs, too. Florida's marketing costs have risen more rapidly than Mexico's, primarily as a result of higher harvesting prices, mainly for labor.

In total, Florida's cost for producing and marketing winter tomatoes averages $2.39 per 20 pounds, compared with Mexico's $2.02, giving Mexico a 37-cent price advantage. This has helped Mexico increase its penetration of the eastern U.S. markets and strengthened its position in the west. At the same time, Mexico's gain has helped weaken Florida's position in the New York market and created an even more pronounced disadvantage in Chicago and San Francisco.

In 1969-70, when adverse weather reduced yields in Florida, Mexico further fortified its position by supplying more than half the fresh winter tomatoes for the U.S. market, about 264,000 metric tons.

At the beginning of the 1970-71 season, in order to forestall U.S. restrictions, Mexico imposed voluntary restraints on its shipments of winter tomatoes. An export limit of 180,000 metric tons to the United States (excluding cherry tomatoes) was set. However, by the end of May, exports to the United States had reached 234,000 tons (including cherry tomatoes), less than the previous year, but substantially more than the voluntary target.

The future for vine-ripened tomatoes seems to favor Mexico, mainly because of Florida's heavier and increasing costs and less certain weather. However, about 83 percent of Florida's fresh market production was from mature green tomatoes in 1969-70. Florida growers are making concerted efforts to reduce production and marketing costs for mature green tomatoes by developing varieties suitable for mechanical harvesting and adapting harvesters to the needs of the product.

Although weather throws the long-term advantage to Mexico, Florida enjoys an in-season edge because of lower marketing costs resulting from lower container costs and more automated systems. Automation may be sufficient to prolong Florida's advantage with mature greens for a while, but eventually Mexico can be expected to automate its production, reduce its costs, and penetrate more deeply into the U.S. market.

The United States and Mexico share in varying degrees the U.S. market for five other major winter crops: Cucumbers, peppers, eggplant, strawberries, and cantaloups.

In cucumber output, for example, Florida still has a cost advantage, but the margin has declined sharply in recent years. Per acre production costs and per unit marketing costs are up in both Florida and Mexico. However, a sharp rise in yields has reduced the per unit production cost in Mexico. Further, cold weather will continue to limit volume production in Florida during the severe winter months. Thus, imports from both Mexico and the Caribbean are expected to expand with little competition from domestic producers.

Although Florida still enjoys a cost advantage over Mexico for producing green peppers, this edge has not only dwindled, but has failed to keep Mexico from taking a larger share of the U.S. market. Yields in Florida have remained relatively level over the past 3 years, while export yields in Mexico nearly doubled.

In 1967–68, Florida had a 36-cent price edge for eggplant, but this has virtually disappeared mainly because of rising labor costs. Mexico's exports of eggplant to the United States have tripled since 1967, while Florida's production has remained fairly static. In general, yields per acre in both areas have remained the same, but Mexico's acreage has risen sharply. With Florida and Mexico now on a par and with Florida's costs spiraling more rapidly, Mexico can be expected to grab a bigger portion of the U.S. eggplant market.

Fresh strawberry imports from Mexico have more than doubled since 1967, while U.S. production increased about a third. The largest output of early domestic strawberries is from California where volume shipments begin in late February. Florida's production extends from January through April. Mexico, however, starts shipping in October and continues into May.

Mexico has enlarged its share of the U.S. fresh strawberry market in the last few years, mainly because the spread between costs of production and marketing between the United States and Mexico has shifted in Mexico's favor. About 30 percent of Mexico's output goes into exports for fresh market. Even though virtually all the U.S. early production is sold for fresh market, Mexico is still expected to expand its share at a steady pace.

Mexico also exports frozen strawberries to the United States. Shipments of these have risen dramatically over the last decade, reaching a record high of 101.5 million pounds in 1970. This represented 40 percent of the U.S. market.

Cantaloups are the only item on the U.S. winter marketing list not in direct competition with Mexico. Domestic production during the cold winter months is practically nonexistent, leaving the market wide open for the Mexican product. Mexican cantaloups are shipped in winter and early spring. In late May when Texas starts shipping and in June when California and Arizona cantaloups start moving, Mexico stops exporting.

"Hypermarkets" Boost One-Stop Self-Service Trend in France

By ALFRED R. PERSI
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Foreign Agricultural Service

France is another of the European countries where changing socioeconomic and demographic trends have altered consumer habits. In turn, these new buying practices have effected modifications in the country's food merchandising industry.

For some years supermarkets had been part of the French scene. And in 1963 French food marketing took on a new face with the establishment of the first "hypermarket," basically a self-service store that offers its customers a wider range of food products, more nonfood goods than the normal supermarket, a more spacious setting in which to shop, and lower prices.

Population movement to the suburbs, which is continuing, has given rise to new construction, particularly of apartment buildings. Since automobile ownership is common in France, French suburbanites have mobility, an important step in one-stop marketing. This has given impetus to the formation of large shopping units with adequate parking areas.

Another factor is the significant number of French women who work away from the home. According to the latest official French census (1968), about 35 percent of the employed population, or 6.9 million persons, consists of women, most of whom do not have time to search for individual food items in small specialized neighborhood stores.

Hypermarkets meet these new factors by supplying French consumers with a wide variety of foods under one roof, and a fast turnover of food, which is less subject to home spoilage than if bought at a neighborhood store. These large self-service stores also offer generally lower and more stable prices.

According to a recent French poll, stores with multiple departments (supermarkets and hypermarkets) accounted for 17 percent of retail food sales; this percentage is expected to increase in the current decade.

According to the French Self-Service Institute, a supermarket is a retail store consisting of a separate establishment, or else a distinct department within a store, selling for the most part food products—groceries, fresh produce, liquids such as wines and soft drinks, dairy items, meat and meat products—and some nonfood merchandise.

Most sales in a supermarket are on a self-service basis. Payment for purchases is made in one operation at checkout counters, except for items bought in special departments. The average number of checkout counters is six. The average number of employees is 30.

Not all French supermarkets keep evening hours, but this development is taking hold, particularly among stores located outside the centers of the cities. Some stores remain open on Wednesdays and Fridays until 10 p.m., while others keep late hours on Fridays only. Closing hour for French supermarkets is normally 7:30 p.m.

Supermarket selling area runs from a minimum of 400 square meters to 2,500 square meters. The average supermarket opened during 1970 with private parking facilities had space for 248 cars, or a parking area five times larger than the area devoted to selling.

The French Self-Service Institute reports that in 1970, the average return per square meter of supermarket floorspace was $2,252, with 90 percent of sales consisting of food products. The Institute estimated further that had all 1,833 supermarkets in France as of January 1, 1971, been in operation

French supermarkets and hypermarkets offer large stocks and fast service. Above, a self-service bread department; right, checkout counters.

throughout the entire year of 1970, total supermarket sales for that period would have amounted to $2.8 billion, of which food sales would have accounted for $2.5 billion.

At the beginning of 1961 there were fewer than 100 supermarkets in France compared with 1,833 on January 1, 1971. Some 219 new supermarkets were established in 1970; this compared with 328 opened in 1969, and 217 in 1968. Based on the rate of expansion during 1970, it is estimated that there were over 1,940 supermarkets in France as of July 1, 1971.

The hypermarket made its appearance June 15, 1963, when Carrefour, the first such establishment, opened its doors in Sainte Geneviève-des-Bois. As of January 1, 1971, there were 115 hypermarkets and 6 months later the total had grown to 130.

A hypermarket's inventory is larger than that of a supermarket and includes most of the same items offered for sale by the smaller unit such as fresh produce, meats and meat products, and dairy products. But the hypermarket also offers a variety of bakery items, frozen convenience foods, and delicatessen items. In addition, most hypermarkets sell clothing, appliances, and furniture, as well as other nonfood items.

The minimum selling area of a French hypermarket is about 2,500 square meters, while the average space is 5,872 square meters. Over 48 percent of all French hypermarkets on July 1, 1971, had a selling area of over 5,000 square meters.

French hypermarkets have large parking facilities and sell gasoline on their grounds, generally at a discount. The average number of parking spaces per hypermarket on July 1, 1971, was 1,147, or a space 5.9 times larger than the store's selling area. In fact, the parking area is so large that it is often shared by adjacent merchants.

The main merchandising strategy of hypermarkets is to offer discount prices. Their retail prices on food items are generally about 5 percent less than those of supermarkets.

Sales are generally on a self-service basis with payment—except for such departments as the store's snackbar, cafeteria, and boutiques—being made in one operation at checkout counters. On the average, about 90 percent of a hypermarket's total sales area is on a self-service basis. The average number of hypermarket checkout counters is 26; each hypermarket employs an average of 208 persons.

All hypermarkets remain open as late as 10 p.m. once a week, generally on Friday. Others remain late every weekday evening.

Between 50 and 75 percent of hypermarket sales consist of food products. According to the Institute, the average return to the hypermarket in 1970 was $2,162 per square meter, which is a little lower than the income for French supermarkets.

The Greater Paris Basin has the largest number of hypermarkets—18 as of July 1, 1971. The author recently visited one of the leading hypermarkets in the area and learned from the store's manager that 50 to 60 percent of the store's space was devoted to food. He added that 65 percent of his store's sales consisted of food items versus 35 percent nonfood items. This hypermarket had 40 checkout counters through which 180,000 persons passed each week. At that time, sales were about $1 million per week.

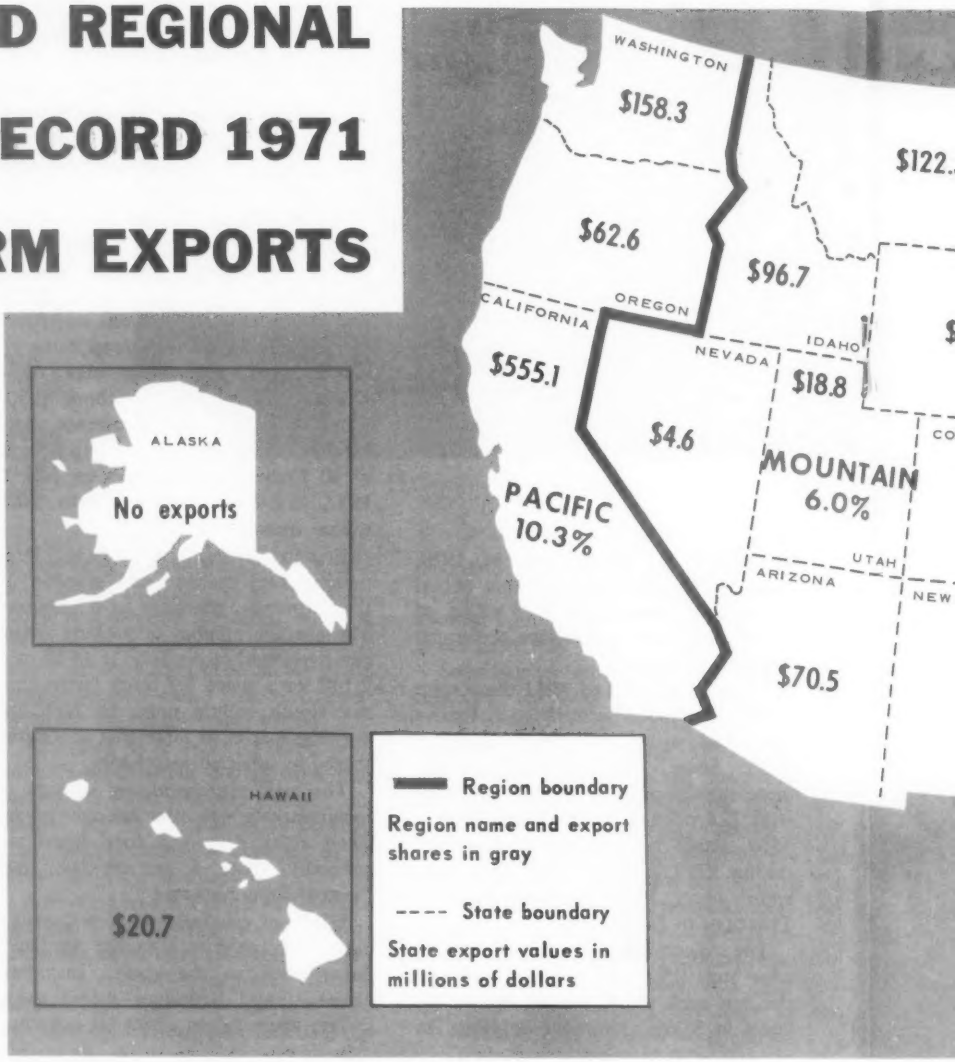
The Institute has estimated that had all 115 of the hypermarkets existing as of January 1, 1971, been operating throughout 1970, total hypermarket sales for that year would have amounted to $1.4 billion, of which food would have accounted for $961 million.

French merchandising experts believe that construction of supermarkets and hypermarkets will continue at a rapid pace in the future. They predict that within the next 5 years, the number of hypermarkets will reach 500.

Hypermarkets duplicate many of the services offered by supermarkets and at the same time have many that are unique. Because hypermarkets draw their clientele from a greater area than the normal supermarket, they must provide a larger inventory of merchandise. The hypermarket has gained wide consumer acceptance because of lower prices and the great variety of products to be found under one roof.

Supermarkets and hypermarkets have affected retail food distribution in France, and are also influencing its wholesale distribution. If the French trend follows the U.S. model, distribution patterns will probably be influenced even more in the future.

STATE AND REGIONAL SOURCES OF RECORD 1971 U.S. FARM EXPORTS



By ISAAC E. LEMON
Foreign Development and Trade Division
Economic Research Service

The United States is the world's single biggest exporter of farm products, and in 1971 it supplied the goods for one-sixth of international agricultural sales. U.S. farm products are of importance to the world.

At the same time, international markets are important to U.S. farmers. About one-seventh of the average U.S. farmer's income derives from foreign sales; and the output of about 1 acre out of every 4 harvested is either exported directly or used to produce agricultural exports.

For seven major U.S. agricultural products—soybeans, wheat, tobacco, cotton, rice, tallow, and cattle hides—between one-third and two-thirds of total U.S. production was exported in fiscal 1971.

Farmers in some regions and States and producers of certain commodities had particularly large shares of U.S. farm sales abroad. This does not mean that farmers in other areas or specializing in other output did not benefit also. The outward flow of some agricultural goods from some areas enlarged the market available within the United States for all farmers.

In fiscal 1971 U.S. farm products worth approximately $7.8 billion were sold abroad. The three leading exporting regions were West North Central ($2.3 billion), the East North Central ($1.4 billion), and the West South Central ($1.2 billion).

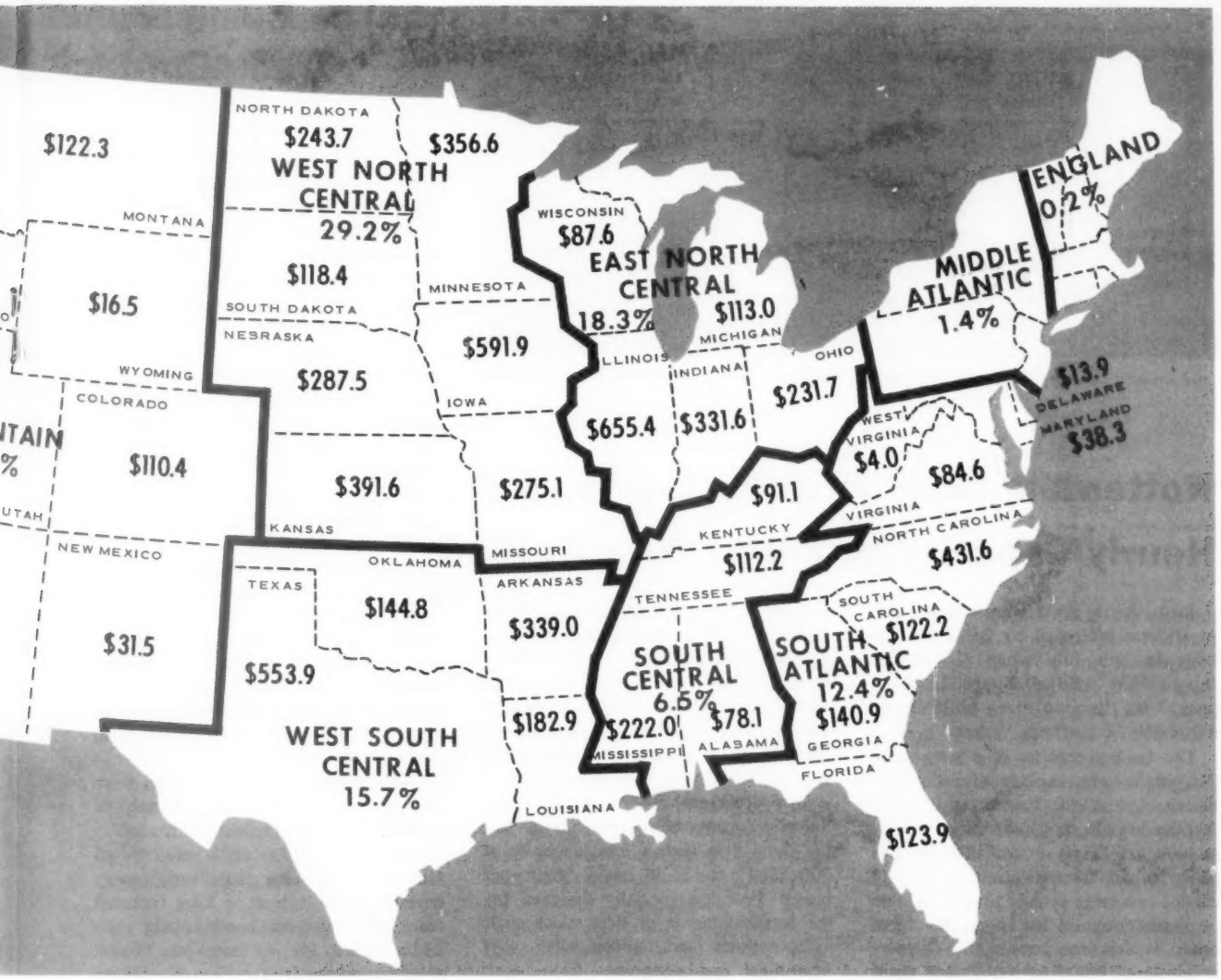
The three leading commodity groupings in 1971 for exports were soybeans ($1.3 billion), wheat and flour ($1.2 billion), and feedgrains ($1.1 billion). Other important items were: Animal products ($0.9 billion); fruits, nuts, and vegetables ($0.6 billion); tobacco (nearly $0.6 billion); soybean meal (nearly $0.4 billion); soybean and cottonseed oils, lard and tallow, and rice (nearly $0.3 billion each).

All were sent abroad in major quantities by the leading exporting regions and States. The seven States of the West North Central region had particularly strong export records in most of these commodities.

Iowa, which had the second largest sales abroad of any State in 1971, supplied 16 percent of soybean and soybean product exports, 15 percent of meat shipments, 13 percent of feedgrains, 11 percent of all lard and tallow, 8 percent of dairy products, and 7 percent of hides and skins.

Kansas was the country's leading exporter of wheat and flour while North Dakota was the runnerup wheat shipper. Together, the two supplied more than one-third of U.S. wheat and flour exports. Minnesota, besides contributing many other products, was the nation's chief supplier of dairy exports. Nebraska ranked fourth in shipments of U.S. feedgrains overseas, and, along with Iowa, Kansas, and Minnesota, was among the top 10 exporting States.

The champion State for farm exports, however, was Illinois, of the East North Central region. Illinois shipped nearly 10 percent of all U.S. farm exports in 1971. It supplied 16 percent of the feedgrains exported, 19 percent of the soybeans and soybean products, and



important amounts of wheat and animal products. It dominated farm exports from East North Central region with 29 percent of the total.

The region as a whole supplied more than one-third of U.S. exports of soybeans, soybean oil, and protein meal; one-fourth of the feedgrains and dairy products; and nearly one-fifth of the hides and skins.

In contrast, the States of the West South Central region supplied three-fourths of the rice and half of the cotton sold abroad by the United States. One State—Texas—generated 45 percent of the region's overseas sales singlehanded and ranked fourth in U.S. farm exports. Cotton, feedgrains, wheat, and rice supplied three-fourths of Texas' export share. Texas also furnished 56 percent of the region's livestock product foreign sales. In total, the West South Central region contributed 16 percent of U.S. agricultural exports.

Other regions, though not supplying large shares of total exports, were major sources of certain farm products. For example, the South Atlantic region furnished 88 percent of U.S. exports of tobacco. One State in the region, North Carolina, was among the top 10 exporters of U.S. farm products, chiefly because of tobacco sales.

The Pacific region provided 95 percent of U.S. overseas sales of edible nuts, nearly 63 percent of fruits, 40 percent of vegetables, and 22 percent of rice—most of which came from California, another of the top 10 exporters. However, the Pacific region also included the only State with no farm exports—Alaska.

How did 1971 exports by region compare with those of the previous fiscal year? First, total exports were up 15 percent in value. However, the regions that gained receipts from exports were those whose commodities had greater sales or greater value on world markets.

Sharp value increases occurred in exports of wheat, soybeans, cotton, feedgrains, soybean oil and meal, tallow, slaughter cattle, and dairy products. Smaller gains were made in exports of lard, tobacco, and edible nuts. Values of rice and hides and skins declined.

Recently opened Koninklijke Bunge transshipment facility at Rotterdam.

Rotterdam Grain Facility Ups Hourly Capacity by 2,000 Tons

Rotterdam's grain transshipment capacity was increased by 2,000 tons an hour in late July when Koninklijke Bunge N.V. (Royal Bunge Limited) opened its Europoort-area grain terminal in the Netherlands harbor.

The facility consists of a jetty some 240 yards long, capable of accommodating on one side vessels up to 120,000-deadweight tons (carrying capacity in long tons) and on the other vessels of up to 20,000 tons d.w.t. This jetty carries two large mobile towers capable of discharging or loading grain from ocean vessels into barges and coasters at a rate of 2,000 tons of heavy grain per hour. The towers are linked to the shore by an approach gallery containing conveyor belts which lead into storage units on the land.

These storage units, which will become operational next year, consist of a series of specially designed concrete bins with a total initial capacity of over 100,000 metric tons. The capacity of these units can be quadrupled at a later date. Ample anchorage and maneuvering space for barges and coasters will be provided in a special dock area. Rail and road connections are also to be provided.

Work was started in April 1970 and has progressed rapidly ever since.

With the opening of its facility, Bunge becomes the second company with a discharging and loading installation in the Rotterdam harbor and the facility is the area's second onshore-based terminal. The Grain Elevator Company (G.E.M.) owns the other onshore-based grain terminal, located in the Rotterdam-Botlek area. The jetty there has four mobile pneumatic elevators with 1,600-ton hourly capacity.

Two other onshore-based mechanical unloaders are under construction for the same firm with a total capacity of 700 metric tons of heavy grain per hour. These are specially designed for the transshipments of derivatives such as corn gluten feed, tapioca pellets, soybean meal, and beet pulp.

The Grain Silo Company, a G.E.M. subsidiary, controls a total storage capacity of 150,000 metric tons, all located in the Rotterdam harbor area. G.E.M. also operates 23 floating elevators with a total capacity of 7,700 metric tons of heavy grain per hour.

G.E.M. recently decided to construct a terminal—also in the Europoort area. The G.E.M. facility will not only replace some of its existing floating elevators but also expand its capacity for unloading derivatives. A jetty is planned with two mobile towers capable of discharging and loading vessels at a capacity of more than 2,000 metric tons of heavy grain per hour. This new grain terminal is scheduled to be completed in 1974. —By JOHN E. RIESZ

Acting U.S. Agricultural Attaché
The Hague

U.S. Businessmen Trade Contacts

Most of the 92 U.S. exhibitors at the 1971 ANUGA in Cologne, Germany, were pleased with the number and quality of the trade contacts they made. Several commented on the high ratio of third country buyers to German buyers —ranging over nearly all of Europe and as far off as the Congo and Thailand.

The ANUGA, a biennial food trade show, was held September 25 to October 1, and drew more than 185,000 visitors, including 17,500 from 76 countries outside Germany. This was 16 percent more foreign visitors than in 1969.

By the end of the show, eight agents had been appointed by U.S. firms, and some exhibitors were staying over to select agents from among applicants under consideration.

The eight appointed will handle citrus juice; institutional packs of canned sweet corn and salad mixes; canned, glass packed, and frozen fruits and vegetables; freeze-dried chives and shallots; and Hawaiian products.

The majority of U.S. exhibitors were not at ANUGA for the purpose of booking orders, but sales were made.

Substantial sales of a variety of Hawaiian specialty items to nearly every country in Europe were reported from the Hawaiian booth, along with an invitation for a "Hawaiian Week" sales promotion from a French retailing firm.

U.S. citrus firms also did well: One reported sales of $700,000; another

Report Sales and at 1971 ANUGA

made 45 "excellent" contacts in its effort to increase sales to the German hotel and bar trade.

The new products section of the U.S. exhibit—which included 150 items new to the market—received widespread attention. Interest was especially high for frozen bread dough, portion meat items, handy snack packs, and convenience foods, such as "skillet dinners" and "sauce in jugs." Precooked bacon, which is packed in foil and can be heated in a toaster, especially intrigued British buyers.

Meat products did well. One importer increased his order for frozen beef cuts by 20 tons, following his visit to the U.S. exhibit. One sales included a $50,000 order for variety meats and a $150,000 sale of turkey parts.

Many German visitors, including German Agriculture Minister Ertl, were amused—and "delightfully surprised"—with the American wines exhibited at the show. Both California and Michigan wines were included, and some American wine merchants felt that U.S. wines could be successfully marketed in Germany within a few years.

The U.S. exhibit included a small dining room, finished in Early American style, at which key members of the German food economy were guests at daily luncheons, featuring U.S. choice steaks, corn on the cob, Idaho baked potatoes, iceberg salad, and California wines.

Honored guest at the first luncheon was Minister Ertl.

Minister Ertl samples U.S. wines.

British housewives take a taste of U.S. watermelon.

U.S. Watermelon Popular With Consumers in United Kingdom

U.S. watermelons were introduced to U.K. consumers this summer when a test load of Charleston Grey Hybrid melons was sea-shipped to the United Kingdom. The success of the test reflects the time and effort invested in this country and in the United Kingdom.

Introduction of a new agricultural item to an export market can be a difficult task. Producers are hesitant to enter the previously unexplored export field, and import agents and distributors are reluctant to handle the new items.

During the recent introduction of U.S. watermelons to the United Kingdom these problems were effectively overcome by use of an integrated plan which fused into one program with a common objective the various marketing activities from production to consumption. Tasks such as product selection and grading, packaging, transportation, retail distribution, and promotion were all designed to facilitate the sale of U.S. watermelons in U.K. supermarkets at a reasonable price.

However, there were certain unique problems associated with the introduction of U.S. watermelons to the U.K. market. These included the perishability of the product and the fact that the large melons of 16 to 20 pounds were unfamiliar to British housewives.

In order to overcome these problems most effectively, USDA's Foreign Agricultural Service cooperated with the Agricultural Research Service to develop and guide the marketing method.

For the test project the National Watermelon Growers and Distributors Association, working with the Florida-based firm of A. Duda and Sons, shipped a container load (38,500 lb.) of selected high-quality melons.

The first load sailed from Norfolk, Virginia, on May 28, 1971, aboard the United States Lines vessel, SS *American Alliance*. On June 7 the ship docked at London's port of Tilbury. Two days later—because of the teamwork of ARS inspectors and the London importer, J.O. Sims Limited; the retailer, Safeway Food Stores Limited; and the London Office of the U.S. Agricultural Attaché—the melons were ready to be promoted and sold in 23 food stores in the London area.

Demonstrators acquainted shoppers with ways to prepare and serve the fruit and passed out samples. The initial shipment was gone in 3 days with most of the melons being sold in cellophane-wrapped halves, quarters, and eighths.

In view of the success of the watermelon experiment, the integrated marketing method may be utilized for other items in the future. The shipping season may be short, but if quality, transportation, and packaging are reliable—and the price is right—the export potential is great.

—By E. Bruce McEvoy
Assistant U.S. Agricultural Attaché
London

CROPS AND MARKETS

Livestock and Meat Products

U.S. Exports Holsteins to Yugoslavia

The United States shipped 260 head of registered bred Holstein heifers in late October for delivery to Belgrade, Yugoslavia.

This shipment is the first part of some 800 head of Holsteins that will be shipped to Yugoslavia over the next few months. In 1970 the United States exported 80 head of Holsteins to Yugoslavia—the first commercial sale of U.S. cattle to Yugoslavia in recent years.

U.S. Hereford Heifers to Spain

On October 6, 551 head of U.S. bred Hereford heifers were shipped from the Richmond, Va., loading facility to Spain. Exports of U.S. breeding cattle to Spain through August 1971 totaled 424 head, compared with 225 head during all of 1970, none in 1969, and 36 head in 1968.

Cotton

Italy's Cotton Textile Industry Threatened

Rising costs and constant market prices for cotton textile goods have caught the Italian textile industry in a squeeze that is transforming profits into losses. Spinning capacity has reportedly been permanently reduced, and domestic consumption of cotton has fallen as synthetics continue to make inroads.

Mill arrivals of raw cotton fell 17 percent in 1970-71 (August-July) to approximately 873,000 bales (480 pounds net), the lowest since 1964. However, arrivals are expected to increase by as much as 25 percent in 1971-72, to more than 1 million bales, in order to rebuild stocks and to meet a slight increase in the demand for fashion and household cotton goods. This increase in consumption might be jeopardized by continued high cotton prices and the failure of the currently depressed economy to improve.

Compared with 1969-70, the Italian textile manufacturer had to pay 20 percent more for lint cotton and 10 percent more for labor in 1970-71, while yarn prices remained almost unchanged. Low-priced cotton yarn and fabrics imported from the developing countries—at prices that reportedly scarcely covered the cost of the cotton used to make them—also undermined the competitive position of domestic Italian cotton textile goods.

Difficulties in obtaining credit have compounded the situation, causing one firm, which consumed about 30,000 bales of cotton each year, to fold in early September. Several other companies are in serious financial trouble, and some estimate that it will be impossible to continue operations much longer. Italian and European Community authorities are concerned about the Italian textile situation and are presently preparing legislation to grant support to the industry.

Spain Reduces Cotton Import Duty

Spain has reduced its ad valorem import duty on cotton from 18 to 4 percent, effective September 2 through December 1, 1971. The temporary reduction in import duty will reduce somewhat the higher prices being paid by domestic mills for imported cotton this year.

Spanish imports of raw cotton averaged approximately 220,000 bales (480 pounds net) during the 5 years 1966-70. Cotton has been imported mainly from Egypt, Turkey, Brazil, Mexico, and Greece (an average of more than 18,000 bales from each of these countries during the 5-year period). U.S. cotton exports to Spain have averaged only about 5,000 bales in recent years.

Spanish cotton production in 1971-72, estimated at 200,000 bales, is expected to be below average for the third consecutive year because of heavy spring rains which have delayed planting.

Dairy and Poultry

Japan's Frozen Egg Imports Decline

Japanese imports of frozen liquid eggs during January-June 1971 amounted to 13,965 metric tons, a 24-percent decrease from comparable imports in 1970. Imports of frozen egg albumen in this period totaled 5,174 tons, or more than double the quantity imported a year ago. The demand for eggs by commercial users continues strong. Major suppliers of frozen eggs were Australia with 36 percent of total imports, the United Kingdom with 15 percent, and the Netherlands with 14 percent. Currently, the United States is not a major supplier of frozen egg products to Japan.

Total imports of baby chicks during the first half of 1971 were officially estimated at 1.16 million, a decrease of 20 percent from the previous year. The United States was the major supplier with 910,000 chicks, or almost 80 percent of the total market.

Japan's Ministry of Agriculture and Forestry requested the Egg Importers Association in June to voluntarily reduce 1970 imports of frozen eggs to around 24,000 tons, which would represent a 15-percent decline from the 28,519 tons imported

in 1970. Reportedly, this was done in order to prevent domestic egg prices from declining further. After February, egg prices to producers declined steadily to 149.2 yen per kilogram (approximately 26 cents a dozen, U.S. medium-grade basis).

Japan Moves To Counter Low Egg Prices

Japan's Ministry of Agriculture and Forestry recently established four measures to raise low egg prices. As a result, the Ministry will guide and adjust egg production and marketing in producing areas, subsidize producer organizations for their expenses in stockpiling when producer egg prices decline below a certain level, pay producers when egg prices decline below a certain level (from a fund accumulated in normal times), and assist the establishment of the All Japan Frozen Egg Company.

The All Japan Frozen Egg Company began operations on July 1 of this year to help prevent the further decline of domestic egg prices, especially during the summer when there is an increase in frozen egg imports. The total original capital invested was 717 million yen (about US$2.15 million).

The Company plans to buy eggs when producer prices fall below 140 yen per kilogram (about 25 cents a dozen, U.S. medium-grade basis). They will manufacture these into frozen eggs for stockpiling and sell them at 190 yen per kilogram (about 34 cents a dozen) when domestic egg prices are favorable. The Company plans to manufacture 500 metric tons of frozen eggs in 1971 and expand to 2,000 tons in 1972.

Sugar and Tropical Products

Peruvian Coffee Production Expands

Coffee production in Peru for the current 1971-72 crop year is estimated at 1,030,000 bags of 60 kilograms each (132 lb.), up about 4 percent from the previous harvest. This represents a continuation of the steady upward trend in production of coffee during the past few years.

During 1971 several large coffee farms have been expropriated under the terms of the Agrarian Reform Law and turned over to peasants organized into a production cooperative, subject to Government guidance. The cooperative movement continues to develop, and approximately 60 percent of Peru's coffee production is now harvested by cooperatives.

The Government is taking steps to increase domestic consumption of coffee and promote more efficient cultural practices, while maintaining a balance between production and consumption and possible exports.

Moroccan Sugar Output Grows

Production of sugar in Morocco in 1971 reached 210,000 metric tons, up 41 percent from last year. All of Morocco's sugar is produced from sugar beets. The planted area was 160,615 acres.

Morocco's domestic sugar production amounted to over 50 percent of the expected 1971 sugar consumption of 410,000 tons and raised sugar mill utilization to about 88 percent of rated capacity.

The Government of Morocco is investing money in sugar mills to reduce foreign exchange expenditure for sugar. A private mill under construction at Zaio will raise total Moroccan processing capacity to 280,000 tons. As the crushing season is rather short, new beet varieties are being sought in order to lengthen the season.

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 27	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14.0.	1.97	+2	[2]2.15
USSR SKS-14	([1])	([1])	([1])
Australian FAQ	1.66	−1	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	1.88	+4	2.09
15 percent	([1])	([1])	2.14
U.S. No. 2 Hard Winter:			
13.5 percent	1.79	0	1.97
No. 3 Hard Amber Durum	1.80	0	2.05
Argentine	([1])	([1])	([1])
U.S. No. 2 Soft Red Winter	([1])	([1])	1.90
Feedgrains:			
U.S. No. 3 Yellow corn	1.38	+3	1.77
Argentine Plate corn	1.56	+3	1.91
U.S. No. 2 sorghum	1.35	+2	1.69
Argentine-Granifero sorghum	1.36	+3	1.70
U.S. No. 3 Feed barley	1.06	+8	1.45
Soybeans:			
U.S. No. 2 Yellow	3.46	+4	3.40
EC import levies:			
Wheat [3]	[5]1.54	0	1.27
Corn [4]	[5]1.03	−2	.69
Sorghum [4]	[5]1.05	−4	.63

[1] Not quoted. [2] Manitoba No. 2. [3] Durum has a separate levy. [4] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. [5] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. Note: Basis—30- to 60-day delivery.

Grain Stocks of Major Exporters Drop

Stocks of grain in the United States, Canada, Argentina, and Australia on July 1, 1971, totaled 120 million metric tons, 18 percent below those of a year earlier and 12 percent lower than on July 1, 1969.

JULY 1, 1971 GRAIN STOCKS IN EXPORTING COUNTRIES

Grain	United States	Canada	Argentina	Australia	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat	19,872	22,154	2,890	8,412	53,328
Rye	709	330	60	—	1,099
Barley	3,398	3,347	115	969	7,829
Oats	7.429	2,015	215	1,081	10,740
Corn	39,734	—	6,800	—	46,534
Total	71,142	27,846	10,080	10,462	119,530

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FOREIGN AGRICULTURE

Wheat stocks declined 22 percent, barley 29 percent, and corn 14 percent, while stocks of rye gained 20 percent and oats were 1 percent higher.

A detailed table of grain stocks appears in the October *World Agricultural Production and Trade: Statistical Report.*

Fats, Oils, and Oilseeds

Australian Oilseed Production Increasing

Combined oilseed output of the major oilseed crops in Australia is expected to be approximately 400,000 tons in 1971-72 compared with 211,500 in 1970-71. The increase is largely the result of an 82-percent increase in planted area.

Sunflowerseed production, at 140,000 tons, will account for one-third of the estimated increase. Rapeseed production, at 100,000 tons, will account for another 30 percent of the increase. The remaining increase reflects larger cottonseed, safflower, and soybean harvests.

Australia, traditionally an importer of vegetable oils, could become a significant exporter of oilseeds. Exportable supplies in 1972 are now expected to approximate 50,000 tons.

Philippine Coconut Exports Up Sharply

Combined exports of coconut products from the Philippines during January-August 1971 totaled 561,000 metric tons, oil basis. This represents an increase of 179,000 tons, or 47 percent more than exports during the same period last year.

Exports for calendar 1971 could reach 820,000 metric tons compared with only 606,000 tons in 1970. A further significant increase is expected in 1972.

Brazil's Soybean Harvests Increase

Brazil's 1971 soybean crop, harvested in the early months of this calendar year, is now estimated at 2.1 million metric tons compared with 1.33 million in 1970. This is an increase of 21 million bushels.

Early reports of the forthcoming 1972 harvest indicate that it may reach 2.8 million tons. If achieved, this would be an additional increase of 26 million bushels, most of which would be available for export in 1972.

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